



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

August 25, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains an update on the State Budget; pursuits of County positions on legislation to return property tax overpayments to homeowners in the City of Bell, and require health care service plans and individual or group health insurance policies to provide coverage for tobacco cessation services; changes in position on two County-advocacy measures related to solid waste and traffic violators schools; an update on County-sponsored legislation regarding storm water fees; and updates on 10 County-advocacy measures.

State Budget

On August 23, 2010, the State Controller, the State Treasurer and the Director of Finance announced that in the absence of a State Budget they have determined the need to accelerate the deferral of \$2.5 billion in payments to schools and \$400 million in payments to counties for the CalWORKs Program by one month to September 2010.

The payment deferrals, authorized under ABX8 5 (Chapter 1, Statutes of 2010), were scheduled for the month of October for a period no longer than 90 days. The three fiscal leaders stated that this action is necessary to conserve the State's cash position to provide a positive cash balance through the end of September to meet State priority payments, particularly debt service obligations. They also warned that the continuing

"To Enrich Lives Through Effective And Caring Service"

***Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only***

lack of a budget plan could lead to further deterioration in cash balances necessitating additional measures such as the issuance of registered warrants (also known as IOUs).

Based on a preliminary review, it is estimated that the County would not receive \$82.7 million due to the Department of Public Social Services for the month of September.

Pursuit of County Position on Legislation

AB 900 (De La Torre and De Leon), which as amended on August 20, 2010, would allow property tax overpayments paid by City of Bell residents to be directly returned to the property homeowners.

A recent investigation by the State Controller discovered that the City of Bell engaged in illegal property taxation for approximately the last three years. During this period of time, residents were overtaxed by approximately \$2.8 million to pay for pension costs in the City. The State Controller concluded that those taxes were illegally collected and ordered that the taxes be refunded. However, according to the Revenue and Taxation Code, pension override recoveries must be allocated to City of Bell-area schools, not returned to the homeowners.

On August 17, 2010, the Board of Supervisors unanimously approved a motion by Supervisor Molina to seek and support special legislation to exempt the City of Bell's pension override overpayment recovery from existing law and permit tax recoveries to be returned to City of Bell homeowners who were overcharged.

AB 900 would amend existing law to allow the overpayments, plus applicable interest, to be refunded directly to those who were inappropriately taxed. Therefore, based on Board policy adopted on August 17, 2010 to exempt the City of Bell's pension override overpayment recovery from existing law, **the Sacramento advocates will support AB 900.**

This measure is currently pending a vote on the Senate Floor and contains an urgency clause making it effective immediately if passed by the Legislature and signed by the Governor.

SB 220 (Yee), which as amended on August 24, 2010, would require health care service plans and individual or group health insurance policies to provide coverage for tobacco cessation services.

The Federal Patient Protection and Affordable Care Act of 2010 requires health care service plans and individual and group insurance policies to cover certain preventive health care services, such as smoking cessation. SB 220 would require health care

service plans and individual and group insurance policies that are issued, amended, renewed or delivered on or after September 23, 2010 to comply with this Federal requirement. The bill also would require health care service plans and individual or group health insurance policies issued after January 1, 2011 to include coverage of smoking cessation treatments rated as an 'A' or 'B' by the United States Preventative Services Task Force. The plans must cover two courses of smoking cessation treatment in a one-year period and include both counseling and all medications approved by the Food and Drug Administration (FDA). A course of treatment would be defined as at least four sessions.

SB 220 also would require the California Health Benefits Review Program, a unit of the University of California, to prepare a report by December 31, 2013 evaluating the requirements of this measure and determining any State savings. If it is determined that the State is assuming additional costs because of these requirements, then SB 220 and the coverage would no longer be in effect.

The Department of Public Health indicates that SB 220 would align with previous efforts by the Department to encourage health plans to provide comprehensive smoking cessation benefits that follow the National Public Health Service's Treating Tobacco Use and Dependence guidelines. The guidelines recommend that both counseling and all FDA-approved medications be included as a paid or covered service for all members of all health insurance packages. The guidelines also recommend that restrictions to receive these benefits be removed and that health plan members and clinicians be educated about the availability of covered tobacco dependence treatments.

Chief Executive Office Employee Compensation notes that all of the County's health insurance plans offer smoking education programs, but most plans do not offer free treatment service and medication. SB 220 could result in rate increases to the County; however, because only 635 of Megaflex members admitted to smoking in the last 12 months, any increased costs to the County would be minimal.

The Department of Public Health and this office support SB 220. Therefore, consistent with existing Board policy to support proposals to increase tobacco cessation services including mandating that cessation services be covered as part of employee health benefits, **the Sacramento advocates will support SB 220.**

SB 220 is sponsored by the American Heart Association, American Cancer Society and American Lung Association, and supported by American Bone Health, American Cancer Society (California Division), American Stroke Association, Association of Northern California Oncologists, Breathe California, California Academy of Family Physicians, California Association of Physician Groups, California Medical Association, California State Firefighters Association, California Tobacco Alliance, Foundation for Osteoporosis Research and Education, Medical Oncology Association of California, Inc., National Kidney Foundation, and State Building and Construction Trades of California.

The measure is opposed by the Association of California Life and Health Insurance Companies, Health Net, and Molina Healthcare of California.

SB 220 is awaiting a hearing in the Assembly Health Committee.

Change in Pursuit of a County Position on Legislation

County-opposed unless amended AB 222 (Adams and Ma), which would have defined “anaerobic digestion” and “biorefinery”, and revise the definitions of “solid waste facility” and “transformation” under the California Integrated Waste Management Act of 1989 that would have incentivized landfill disposal of waste over the production of clean energy and recovery of products from that waste through biorefineries, was substantially amended on August 20, 2010 to address child care related issues. **Therefore, the Sacramento advocates will remove County opposition to AB 222 and take no position on this measure.**

County-opposed-unless-amended AB 2499 (Portantino), which as amended on August 5, 2010, would revise the administration and licensing by the Department of Motor Vehicles (DMV) of traffic violator schools and would limit a court from contracting with a Court Assistance Program to perform services related to the processing and monitoring of traffic violator schools. The Assembly concurred with AB 2499 Senate Amendments by a vote of 64 to 8 on August 20, 2010. This measure now proceeds to the Governor. The County was requesting that the bill be amended to continue the existing contract between the Court Assistance Program and the Los Angeles Superior Court with the successor DMV in order to maintain the Traffic Violator School Monitoring Program and adequate funding for routine traffic violator school monitoring, fraud investigation and law enforcement services in the County. **Since these amendments were not adopted, the Sacramento advocates will oppose AB 2499 and request the Governor to veto this measure.**

Status of County-Sponsored Legislation

County-sponsored AB 2554 (Brownley), which as amended on August 5, 2010, would authorize the Los Angeles County Flood Control District to implement storm water fees Countywide upon adoption of an ordinance by the Board of Supervisors to fund clean water programs, in compliance with Proposition 218, passed the Senate Floor by a vote of 23 to 10 on August 19, 2010. This measure now proceeds to the Assembly for concurrence in Senate amendments. Upon adoption of an ordinance by the Board of Supervisors, AB 2554 would require 40 percent of the funds be allocated within the County in the same proportion as the amount of fees collected within each jurisdiction, 50 percent to nine watershed authority groups in the same proportion as the amount of fees collected within each watershed, and 10 percent to the Flood Control District for implementation and administration of the water quality programs.

Status of County Advocacy Legislation

County-supported-if-amended AB 315 (Fuentes), which would require the Santa Monica Mountains Conservancy (SMMC) to use existing budget resources and voluntary private and nonprofit resources to develop a feasibility study before June 30, 2011 for the creation of the Los Angeles River Parkway projects in the Los Angeles State Historic Park and Rio de Los Angeles State Park (Bowtie Parcel), was amended on August 19, 2010.

The August 19, 2010 amendments: 1) extend the due date of the feasibility study to June 30, 2012; 2) delete the requirement for the study to provide for the acquisition of real property in and abutting the Los Angeles State Historic Park and Bowtie Property and replace it with language requiring only the identification of real property that show the potential for development for recreational and habitat purposes; 3) delete the provision requiring the study to include a means by which to apply for grants or loans to purchase or restore park, recreation, conservation or open-space opportunities; 4) expand the feasibility study to include areas adjacent to the parks; and 5) add an urgency clause. This measure is currently at the Senate Desk.

The Sacramento advocates will continue to support the bill contingent on it being amended to specify the Los Angeles County Flood Control District (FCD) and its authority to approve planning elements within its jurisdiction and require the SMMC to coordinate with the FCD on the development of the feasibility study.

County-supported AB 354 (Arambula), which as amended on August 17, 2010, would remove age restrictions on specified childhood immunizations to allow the California Department of Public Health to require Tetanus, Diphtheria, and Pertussis (Tdap) vaccinations for students prior to entering the seventh grade, passed the Assembly Floor by a vote of 76 to 0 on August 23, 2010. This measure now proceeds to the Governor.

County-opposed AB 1641 (Hall), which as amended on August 9, 2010, would establish that blighted areas may be characterized by the existence of housing constructed as a government-owned housing project constructed prior to January 1, 1960, passed the Assembly Floor by a vote of 48 to 29 on August 19, 2010. This measure now proceeds to the Governor.

County-supported AB 1758 (Ammiano), which as amended on August 17, 2010, would remove the designation of the wraparound services program as a pilot project, and would authorize all counties to provide comprehensive services to allow children to remain in a family-like setting instead of being placed into group homes, passed the Assembly Floor by a vote of 76 to 0 on August 23, 2010. This measure now proceeds to the Governor.

County-supported AB 2145 (Ammiano), which as amended on June 29, 2010, would extend the sunset date to January 1, 2016 for seven counties, including Los Angeles, which operate the Naxolone drug overdose prevention and treatment program, passed the Assembly Floor by a vote of 75 to 0 on August 20, 2010. This measure now proceeds to the Governor.

County-supported AB 2645 (Chesbro), which as amended on June 21, 2010, would freeze reimbursement rates for Institutes of Mental Diseases to the levels in effect on July 1, 2009, passed the Assembly Floor by a vote of 77 to 0 on August 19, 2010. This measure now proceeds to the Governor.

County-supported AB 2698 (Block), which as amended on August 12, 2010, would strengthen the procedures for requesting credit reports and handling suspected identity theft on behalf of foster youth, passed the Assembly Floor by a vote of 76 to 0 on August 23, 2010. This measure now proceeds to the Governor.

County-supported SB 454 (Lowenthal), which as amended on May 27, 2010, would repeal the January 1, 2011 sunset date to permanently: 1) require an owner of affordable housing to provide written notice to the affected tenant households and to the affected public entities before converting a property to market rate housing; 2) require an affordable housing owner to give limited priority to purchase the property to tenants and public entities; and 3) provide an exemption from the notice requirements if specified conditions are contained in a regulatory agreement recorded against the property, passed the Senate Floor by a vote of 33 to 1 on August 19, 2010. This measure now proceeds to the Governor.

County-supported SB 654 (Leno), which as amended on January 5, 2010, would expand eligibility for the Independent Living Program to former foster youth who are placed with a non-relative guardian on or after the child's eighth birthday, passed the Assembly Floor by a vote of 76 to 0 on August 23, 2010. This measure now proceeds to the Governor.

County-supported SB 894 (Senate Local Government), which is the Senate Local Government Omnibus bill that contains four County-sponsored provisions, passed the Senate Floor by a vote of 35 to 0 on August 19, 2010. This measure now proceeds to the Governor.

The four County-sponsored provisions within SB 894 would: 1) raise the limit on change orders for public works contracts that county supervisors delegate to county officials from \$150,000 to \$210,000; 2) authorize a county board of supervisors to delegate authority to approve change orders on county bridge and subway construction contracts to county officers; 3) authorize a county board of supervisors, acting as a county waterworks district's governing board, to delegate to the district manager

Each Supervisor
August 25, 2010
Page 7

or other district official the authority to approve change orders on construction contracts; and 4) allow the Los Angeles County Board of Supervisors to delegate to the Los Angeles County Flood Control District's chief engineer or other District officer the authority to approve change orders on construction contracts.

We will continue to keep you advised.

WTF:RA
MR:VE:lm

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants